

# **Quarterly Report**

**June 30, 2020**

## **Provident Trust Strategy Fund**

**(PROVX)**

**A NO-LOAD MUTUAL FUND**

**Provident Trust Strategy Fund (PROVX)**  
**Letter to Shareholders (Unaudited)**

July 1, 2020

Dear fellow Provident Trust Strategy Fund shareholders,

PROVX gained +17.80% vs. the S&P 500's +20.54% for the quarter ended June 30, 2020. For the first nine months of the Fund's fiscal year, PROVX gained +8.70% vs. the S&P 500's 5.71%. During Provident's tenure as portfolio manager (September 9, 2002), PROVX gained +448.89% cumulatively with a 79.7% average allocation to equities vs. +393.60% for the 100% invested S&P 500. Top contributors to the Fund's quarterly return were PayPal Holdings, Inc., Alphabet, Inc. (Class A&C) and Accenture PLC while Costco Wholesale Corp., Charles Schwab Corp., and Southwest Airlines lagged.

During the June quarter, we initiated a new position in Facebook and increased our positions in Charles Schwab and PNC Financial Group, while reducing our Visa holding.

Dalbar provides an annual analysis of individual and institutional investor behavior. Over the past 20 years, investors underperformed their own twin goals of finding the next "Peter Lynch", an early mutual fund "star", and diversifying to reduce overall portfolio volatility. Peter Lynch calculates his fund gained 7%/year for investors while the investment return over his 13 years of managing the Magellan Fund was +29%. Dalbar's work highlights the difficulty for both institutions and individuals to attain returns exceeding the underlying indexes. Asset allocators did particularly poorly over the past 20 years, with a 2.5% investor return (\$1 turns into \$1.65 in 20 years) vs. the 5.5% index gain (\$1 turns into \$3).

Provident Trust Strategy Fund was organized with a single investment goal: "real" investor returns over each full investment cycle. We seek to be the core or sole manager because asset allocation is the most important determinant of investor results. The Fund utilizes a combination of a focused equity portfolio along with flexible asset allocation to achieve full cycle "real" investor returns. In my decades of volunteer investment committee work, it has been proven to my satisfaction that committees cannot add value to the underlying indexes, despite the best of intentions.

	Average Equity Fund Investor (%)	Average Fixed Income Fund Investor (%)	Average Asset Allocation Fund Investor (%)	S&P 500 (%)	Bloomberg-Barclays Aggregate Bond Index (%)	Inflation (%)
20 Year	4.25	0.47	2.54	6.06	5.03	2.14
10 Year	9.43	0.63	4.79	13.56	3.75	1.75
5 Year	7.79	0.35	3.88	11.70	3.05	1.82
3 Year	11.50	1.08	5.91	15.27	4.03	2.10
12 Month	26.14	4.62	15.36	31.49	8.72	2.29

Source: Dalbar

2020 will be a volatile but directionless year; we favor up to 50X growers (PayPal) to the 10 year Treasury's 130X valuation. In 1999, the "big growers" sold at 100X vs. 16X for the Treasury, a much more attractive relative valuation. PROVX long-term holding Accenture yields a dynamic 1.5% (growing over 14% annualized the past 10 years) on a 40% dividend payout ratio vs. a .7% static yield for the 10-year Treasury.

We forecast a negative 2020 S&P 500 stock market return and a modest positive return for Provident Trust Strategy Fund due to our steady growth at reasonable valuation (GARV) strategy. Thank you for your interest in the Provident Trust Strategy Fund.



J. Scott Harkness, CFA  
 President

The Fund's 1-year and annualized 5-year and 10-year returns through June 30, 2020 were: 11.54%, 12.83% and 12.22%, respectively. The S&P 500, the Fund's benchmark index, 1-year and annualized 5-year and 10-year returns through December June 30, 2020 were: 7.51%, 10.73% and 13.99%, respectively.

*The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. **Performance data quoted represents past performance; past performance does not guarantee future results.** The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance since the above time period may be higher or lower than the performance quoted. Performance data current to the most recent month end may be obtained by visiting [www.provfunds.com](http://www.provfunds.com).*

Although the Fund is no load, management and other expenses still apply. As per the Fund's January 31, 2020 Prospectus, the total annual Fund operating expenses as a percentage of the value of your investment, which incorporates indirect fees and expenses that the Fund incurs from investing in the shares of other mutual funds including money markets, otherwise known as Acquired Fund Fee Expenses or AFFE, was 1.00%. Provident has contractually agreed to cap the ratio of expenses to average net assets at 1.00% through January 31, 2021.

**Mutual fund investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund may invest in smaller and medium sized companies, which involve additional risk such as more limited liquidity and greater volatility. Investments in debt securities typically decrease in value when interest rates rise. This is risk is usually greater for longer-term debt securities. The Fund may invest in money market funds. An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the money market fund seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in the fund.**

S&P 500: An unmanaged index, consisting of 500 selected common stocks, commonly used to measure the performance of U.S. stocks. It is not possible to invest directly into an index.

P/E: The price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

Average Fund Investor: Per Dalbar, average fund investors are defined as follows. The Average Equity Fund Investor is comprised of a universe of both domestic and world equity mutual funds. It includes growth, sector, alternative strategy, value, blend, emerging markets, global equity, international equity, and regional equity funds. The Average Fixed Income Fund Investor is comprised of a universe of fixed income mutual funds, which includes investment grade, high yield, government, municipal, multi-sector, and global bond funds. It does not include money market funds. Lastly, the Average Asset Allocation Fund Investor is comprised of a universe of funds that invest in a mix of equity and debt securities.

Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. For a complete list of Fund holdings, please refer to the Schedule of Investments in this report.

**Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice or recommendations to buy or sell any security. Current and future holdings are subject to risk.**

*You may obtain a hardcopy of the prospectus and the most recent performance data by calling (855) 739-9950 (also available at [www.provfunds.com](http://www.provfunds.com)). Please read the statutory and summary prospectus carefully to consider the investment objectives, risks, charges and expenses before investing or sending money. The prospectus contains this and more information. Please read the prospectus carefully before investing.*

**Provident Trust Strategy Fund**  
**Statement of Net Assets**  
**June 30, 2020 (Unaudited)**

<b>Shares or Principal Amount</b>	<b>\$ Value (b)</b>
<b>COMMON STOCKS – 74.0% (a)</b>	
<b>Airlines – 2.2%</b>	
133,450 Southwest Airlines Co.	4,561,321
<b>Commercial Services, Finance – 8.4%</b>	
99,880 PayPal Holdings, Inc.*	17,402,092
<b>Computer Services – 6.5%</b>	
62,760 Accenture PLC, Cl A	13,475,827
<b>Distribution/Wholesale – 3.8%</b>	
184,400 Fastenal Co.	7,899,696
<b>Finance, Credit Card – 4.5%</b>	
48,670 Visa Inc.	9,401,584
<b>Finance, Investment Banker/Broker – 4.5%</b>	
278,670 The Charles Schwab Corp.	9,402,326
<b>Internet Content – Entertainment – 4.3%</b>	
38,970 Facebook, Inc. *	8,848,918
<b>Investment Management/Advisory Services – 5.5%</b>	
91,560 T. Rowe Price Group Inc.	11,307,660
<b>Medical, Health Maintenance Organization – 6.9%</b>	
48,470 UnitedHealth Group Inc.	14,296,227
<b>Retail, Building Products – 5.7%</b>	
47,530 The Home Depot, Inc.	11,906,740
<b>Retail, Discount – 4.8%</b>	
33,110 Costco Wholesale Corp.	10,039,283
<b>Super-Regional Banks - United States – 4.6%</b>	
91,220 PNC Financial Services Group, Inc.	9,597,256
<b>Web Portals/Internet Service Providers – 12.3%</b>	
9,000 Alphabet, Inc., Cl A *	12,762,450
9,000 Alphabet, Inc., Cl C *	12,722,490
	25,484,940
Total common stocks	153,623,870

**Provident Trust Strategy Fund**  
**Statement of Net Assets**  
**June 30, 2020 (Unaudited)**

**SHORT-TERM INVESTMENTS – 26.1% (a)**

	<b>Money Market Fund – 14.9%</b>	
30,984,923	First American Treasury Obligations, CI X, 0.084% ^	30,984,923
	<b>U.S. Treasury Securities – 11.2%</b>	
8,200,000	U.S. Treasury Bills, 0.119%, due 07/23/20†	8,199,386
7,500,000	U.S. Treasury Bills, 0.146%, due 09/24/20†	7,497,432
7,500,000	U.S. Treasury Bills, 0.157%, due 12/03/20†	7,494,995
	Total U.S. treasury securities	<u>23,191,813</u>
	Total short-term investments	<u>54,176,736</u>
	Total investments – 100.1%	207,800,606
	Other assets, less liabilities - <b>0.1% (a)</b>	<u>(119,342)</u>
	<b>TOTAL NET ASSETS - 100.0%</b>	<u><u>207,681,264</u></u>

Net Asset Value Per Share (\$0.01 par value, 300,000,000 shares authorized), offering and redemption price ( $\$207,681,264 \div 12,402,597$ shares outstanding)	<u><u>\$16.74</u></u>
---	-----------------------

(a) Percentages for the various classifications relate to net assets.

(b) Each security is valued at the last sale price reported by the principal security exchange on which the issue is traded. Securities that are traded on Nasdaq Markets are valued at the Nasdaq Official Closing Price, or if no sale is reported, the latest bid price. Securities which are traded over-the-counter, bonds and short-term U.S. Treasury Bills are valued using an evaluated bid from a pricing service. Money Market Funds are valued at net asset value.

\* Non-income producing security.

^ The rate quoted is the annualized 7 day yield as of June 30, 2020.

† The rate shown is the effective yield as of June 30, 2020.

PLC - Public Limited Company

# ***Provident Trust Strategy Fund***

***N16 W23217 Stone Ridge Drive, Suite 310  
Waukesha, Wisconsin 53188***

## ***BOARD OF DIRECTORS***

**JOHN F. HENSLER  
ROBERT H. MANEGOLD  
THOMAS N. TUTTLE, JR.  
WILLARD T. WALKER, JR.**

## ***INVESTMENT ADVISER***

**PROVIDENT TRUST COMPANY  
N16 W23217 Stone Ridge Drive, Suite 310  
Waukesha, Wisconsin 53188**

## ***ADMINISTRATOR, ACCOUNTANT, TRANSFER AGENT AND DIVIDEND DISBURSING AGENT***

**U.S. BANK GLOBAL FUND SERVICES  
615 East Michigan Street  
Milwaukee, Wisconsin 53202  
800-811-5311 or 414-765-4124**

## ***CUSTODIAN***

**U.S. BANK, N.A.  
1555 North RiverCenter Drive, Suite 302  
Milwaukee, Wisconsin 53212**

## ***DISTRIBUTOR***

**QUASAR DISTRIBUTORS, LLC  
777 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202**

## ***INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM***

**COHEN & COMPANY, LTD.  
1350 Euclid Avenue, Suite 800  
Cleveland, Ohio 44115**

## ***LEGAL COUNSEL***

**GODFREY & KAHN, S.C.  
833 East Michigan Street, Suite 1800  
Milwaukee, Wisconsin 53202**